



Southeastern Idaho News

BANNOCK, BEAR LAKE, BINGHAM, CARIBOU, FRANKLIN, ONEIDA & POWER COUNTIES

ECONOMIC TRENDS

The Pocatello Metropolitan Statistical Area's seasonally adjusted unemployment rate of 2.9 percent is the lowest for February in this decade. The same can be said for all but one of the six other counties in southeastern Idaho. The exception is Franklin, where the 2.9 percent rate was still two-tenths above the 2.7 percent rate in February 2000. Five counties had unemployment rates below 3 percent. Three years ago only two had unemployment rates less than 4 percent. The 3.5 percent rate for Caribou County was the region's highest, but that rate is less than half the 7.3 percent unemployment rate in February 2003. That is one of the largest reductions in the state. As shown in Table 2 on page 20, Bear Lake County has experienced the region's largest unemployment rate decline this decade. At the same time, 5,800 more people are working in southeastern Idaho, an increase of 7.5 percent to 77,700.

SPECIAL TOPIC: Story Behind Unemployment Rates

Many economists generally believe a high unemployment rate indicates a struggling economy and a low rate reflects a more vibrant economy. Therefore, it would not be unreasonable to conclude that zero unemployment would be ideal.

But while zero unemployment might seem a worthwhile goal, having a small unemployment rate may be more desirable. To sort through the apparent contradiction, the three types of unemployment need to be analyzed.

Cyclical unemployment occurs when the unemployment rate moves in the opposite direction of growth in the gross domestic product. When the economy slows to limit economic growth, unemployment rises as fewer

Southeastern Idaho Table 1: Pocatello MSA Labor Force & Employment Bannock and Power counties

	Feb 2007*	Jan 2007	Feb 2006	% Change From	
				Last Month	Last Year
INDIVIDUALS BY PLACE OF RESIDENCE					
<i>Seasonally Adjusted</i>					
Civilian Labor Force	44,090	41,040	44,160	7.4	-0.2
Unemployment	1,300	1,480	1,610	-12.2	-19.3
% of Labor Force Unemployed	2.9	3.6	3.6		
Total Employment	42,790	39,560	42,550	8.2	0.6
<i>Unadjusted</i>					
Civilian Labor Force	45,080	41,680	45,500	8.2	-0.9
Unemployment	1,680	1,930	2,010	-13.0	-16.4
% of Labor Force Unemployed	3.7	4.6	4.4		
Total Employment	43,400	39,750	43,490	9.2	-0.2
JOBS BY PLACE OF WORK					
Nonfarm Payroll Jobs** - NAICS	39,630	39,160	39,180	1.2	1.1
<i>Goods-Producing Industries</i>	5,580	5,580	5,520	0.0	1.1
Natural Resources & Mining	30	20	20	50.0	50.0
Construction	1,750	1,790	1,900	-2.2	-7.9
Manufacturing	3,800	3,770	3,590	0.8	5.8
Food Manufacturing	1,290	1,280	1,040	0.8	24.0
Fabricated Metal Product Manufacturing	160	160	170	0.0	-5.9
Machinery Manufacturing	290	290	250	0.0	16.0
Other Manufacturing	2,060	2,040	2,140	1.0	-3.7
<i>Service-Providing Industries</i>	34,050	33,580	33,660	1.4	1.2
Trade, Transportation & Utilities	7,310	7,310	7,350	0.0	-0.5
Wholesale Trade	1,320	1,330	1,330	-0.8	-0.8
Retail Trade	4,630	4,630	4,550	0.0	1.8
Utilities	50	50	50	50.0	0.0
Transportation & Warehousing	1,310	1,300	1,420	0.8	-7.7
Information	700	700	680	0.0	2.9
Financial Activities	2,150	2,150	2,060	0.0	4.4
Professional & Business Services	5,680	5,480	5,260	3.6	8.0
Educational & Health Services	3,360	3,330	3,420	0.9	-1.8
Leisure & Hospitality	3,360	3,390	3,320	-0.9	1.2
Other Services	1,160	1,160	1,150	0.0	0.9
Government Education	6,100	5,620	6,130	8.5	-0.5
Government Administration	4,230	4,440	4,290	-4.7	-1.4

*Preliminary Estimate

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

workers are needed to meet production and service demands This is the most common type of unemployment, and while an economic negative, some economists argue that recessions, when gross domestic product actually declines, are good for the economy because they keep it operating most efficiently by forcing marginal businesses to close, allowing the resources previously used by the businesses to be reallocated to stronger operations

Frictional unemployment occurs when people decide to change employers, careers or locations for personal reasons. Most frictional

Southeastern Idaho Table 2: Unemployment Rate History

	Highest rate since 2000	Rate for Feb 2006	Rate Difference
Pocatello MSA	5.8%	2.9%	2.9%
Bannock County	5.8%	2.9%	2.9%
Bear Lake County	6.7%	2.4%	4.3%
Bingham County	4.9%	2.7%	2.2%
Caribou County	7.8%	3.5%	4.3%
Franklin County	4.6%	2.9%	1.7%
Oneida County	4.6%	2.0%	2.6%
Power County	6.5%	3.4%	3.1%

unemployment is short term, and since it is reasonable to assume that people following their dreams and personal desires will be more productive workers, periods of this type of unemployment can be viewed as beneficial.

Structural unemployment occurs when there is no demand for the skills workers have. Most structural unemployment is due to technological changes and advancements in production or processing. Declining demand for telephone operators as computerization advances is an example.

So it would seem clear that a low unemployment rate is a trade-off for advancements in technology and for workers to improve their lives by following their dreams and personal goals.

AREA DEVELOPMENTS

Alternative energy development in southeastern Idaho has been making headlines recently with the announcement of Hoku Energy's plan to produce chips for solar panels, a \$30 million grant to IOGEN to build an ethanol plant and the development of a wind farm in the Wolverine Canyon area of Bingham County. Firms in this industry will likely continue to grow if Washington Congressman Jay Inslee's New Apollo and Energy Act becomes law. The bill would spur development of alternative energy sources such as wind and solar, production of cellulosic ethanol and other bio-based research. The implications of biofuel development on rural Idaho are examined in great depth at <http://www.cast-science.org>. Additionally, the National Corn Growers Association has posted the results of a similar study on its Web site, <http://www.ncga.com>. This information is significant for southeastern Idaho and anyone interested in the future of Idaho agriculture.

COUNTY DEVELOPMENTS

BANNOCK COUNTY

- After clearing many funding, zoning and organizational obstacles, the upgrade to the historic

Whitman Hotel appears ready to bid. Initial cleanup and construction will begin in May. The project, which will take about 18 months, includes 25 affordable apartments on the upper floors and commercial space on the ground floor.

- The Portneuf Medical Center expansion continued through the coldest part of the winter. But now it appears an Idaho Supreme Court decision may do what the weather could not — delay the project. Building will continue through 2007, but the ability to issue an additional \$150 million in construction bonds to finance the remaining work is in question. The high court ruling essentially bars public hospitals from incurring construction debt without a public vote. Hospital administrators have evaluated their options and are asking the Bannock County Commission to convert the hospital to a private nonprofit facility that is not subject to bonding restrictions. The county commissioners are seeking public opinion about how to proceed with funding the expansion.
- AMI Semiconductor announced plans to reduce its work force worldwide by 85, or 3 percent. That would mean a reduction of 15 to 20 positions at the Pocatello facility.
- Hoku Materials recently agreed to sell German-based Solar-Fabrik \$175 million in polysilicon chips to be manufactured in Pocatello. Hoku already had a \$200 million purchase agreement with Sanyo. Hoku has moved the site of its planned manufacturing plant from near the Pocatello airport to a more suitable location closer to the railroad with most of the infrastructure already in place.
- Lava Hot Springs hosted its first Fire and Ice Festival. The weekend celebration included a chili cook-off, representing the fire, and a Polar Bear Float race in the Portneuf River, representing the ice. There was wine tasting and a barista contest with a Casino Night to end the event. The festival brought in people from around the region, and local businesses benefited from the larger-than-usual crowds in the middle of winter.
- Although not listed as a business, the Lava Lions Club has been doing a lot of business. During the past year, this club sponsored bingo, trap shoots, duck races, boxing, a health fair and a Bulls Only riding fund raiser. The money leverages grants from various sources. In 2006, the combined Lions and Lionesses contributed \$50,000 to

help enclose the swimming pool, \$40,000 to the Lions Park and greenway, \$16,010 to Lava Senior Center and Museum, \$5,000 for windows in the Community Center, \$3,400 to the Lava fireworks, \$5,700 for an advertising billboard in Utah, \$1,923 for cemetery lighting and \$1,500 to the Fitness Center and several other small projects.

- Health West opened a walk-in clinic in McCammon. It is the sixth clinic operated by Health West in southeastern Idaho. The facility will be open on Tuesdays and Fridays, and hours will be set according to use and needs of the community. Health West is part of the National Preparedness Program, and in the event of health-related emergency it would be a distribution point for vaccines or medications.
- The 29th annual Simplot Games were held in Pocatello in February. Several national age and high school records were broken, and the nation's top track and field athletes got acquainted with southeastern Idaho. The economic impact to the area is estimated at more than \$2.5 million.

BEAR LAKE COUNTY

- Bear Lake Memorial Hospital's board of directors approved expanding the hospital from 21 to 25 beds and awarded hospital privileges for obstetrician Robert Degnan and Dorian Gruning, a certified registered nurse anesthetist. The board also discussed recruiting a surgeon to replace Dr. Joseph Decker, who recently retired.
- Bear Lake real estate agents organized a public hearing on concerns with the local Planning and Zoning Commission. People were encouraged to speak up and take part in the planning process. As a result, the commission will more quickly address proposals for smaller lot sizes in areas zoned agricultural.

BINGHAM COUNTY

- IOGEN Biorefinery Partners LLC was awarded an \$80 million grant from the Department of Energy to help develop and build a cellulosic ethanol biorefinery in Bingham County. IOGEN uses agricultural residues rather than foods like corn to produce ethanol. IOGEN must still obtain government loan guarantees before proceeding with construction of the \$350 million facility.
- Bingham County is evaluating another possibility for producing ethanol by processing more than 25,000 tons of solid waste through a facility operated by Logite International Inc. The county's cur-

rent million-dollar annual contract with Idaho Waste Systems expires in about three years, and county commissioners anticipate a substantial rate hike on renewal. If Logite's technology and bid proposal are acceptable, the county's cost would be about \$525,000 per year.

- Despite personal concerns about high groundwater levels around Springfield Lake, the Bingham County Commission approved the preliminary plat for the 15-acre Lakeside Estates Subdivision. The commissioners debated for more than two hours before deciding to put their trust in the stamp of approval for the subdivision given by the Southeastern Idaho District Health Department.
- Old Town Salon opened a full-service salon in Blackfoot. Partners Teresa Bell and Dana Hudson intend to offer a referral service to cancer patients for make-up kits, wigs, scarves and other styling products. Also proving to be popular are hair extensions for horses.
- Shawn Gardner began providing the convenience of on-site milling for area cattlemen through his D&D Mobile Milling for dairies and feedlots from Ashton to Aberdeen. He charges \$1.20 per hundred weight to roll barley and believes he will be very competitive as long as fuel prices do not skyrocket.

FRANKLIN COUNTY

- Long known for its lottery sales and a wide variety of beer products, La Tienda in Franklin will be operating as a new and expanded store in late April. It will have four gasoline pumps and one pump designated as fuel for snowmobiles, watercraft and ATVs. The new store will feature the Border Grill restaurant but will also specialize in take-out items. It will be one of the largest convenience stores in the Cache Valley, employing 25 full- and part-time workers.
- The three-month trial for commuter bus transportation between Preston and Logan has been praised by local residents, but uncertainty over funding threatens the future. However Pocatello Regional Transit is interested in purchasing the rights to the service. Regional Transit would team up with the Cache Valley Transit District to take over the service previously funded by Idaho Department of Environmental Quality to reduce air pollution. Bus ridership has increased from 800 the first month of operation to more than 1,100 in the last month.

- Investigators may never determine the cause of the fire that destroyed Chateau Mill & Supply, but it seems certain the owners will rebuild in the Preston industrial park. Co-owner Jon Bartholomew said cooperation from customers and assistance from other cabinet shops in the area have allowed his business to complete contracts and remain solvent during the transition period.
- The Clifton City Council approved an impact area recommended by Franklin Planning and Zoning. The impact boundaries protect watershed areas and involve the city in future development. The council also requested the city attorney draw up a moratorium on expansion of animal operations within the impact area. The ordinance will be reviewed at a later date.

CARIBOU COUNTY

- The Soda Springs City Council approved Mountain Island Energy's plan for a 50-meter tower to determine the feasibility of wind energy. The study will record wind speed, direction and temperature data. Mountain Island will pay the city for allowing the test and then a monthly amount based on energy production if the project goes forward.
- The Tronox plant in Soda Springs is cutting 13 jobs in response to decreasing demand for the electrolytic and specialty chemical products produced there. The layoff leaves only 11 workers at the site. Idled workers were offered severance packages and have been invited to attend Idaho Commerce & Labor informational meetings.

- The Clements family opened a new restaurant in the building previously occupied by the Crystal Cottage. The new restaurant is called Ravissant to reflect its French/Cajun flare. The menu will change with the seasons, and Chef M.J. Clements is committed to epicurean excellence.

POWER

- Bully Dog Technology announced plans to relocate its manufacturing operation to Highway 39 in American Falls. The company makes chips, which significantly increase the horsepower of trucks. Relocation is already under way, and a grand opening is scheduled for June.
- Power County and American Falls officials are concerned with the plans to replace the Exit 40 interchange on Interstate 86 with a new one 50 feet to the east. There is consensus that a new interchange is needed to address safety concerns and accommodate increased traffic, but there is disagreement over the most acceptable option. Local officials, concerned the proposed interchange will limit access to business sites, have asked the Idaho Transportation Department to consider an underpass option.

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